

House File 456 - Introduced

HOUSE FILE _____
BY T. OLSON and RAECKER

Passed House, Date _____ Passed Senate, Date _____
Vote: Ayes _____ Nays _____ Vote: Ayes _____ Nays _____
Approved _____

A BILL FOR

1 An Act concerning tax-sheltered investment contracts and
2 including an effective date.
3 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:
4 TLSB 2154HH 83
5 ec/rj/5

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1 1 Section 1. Section 260C.14, subsection 9, paragraphs a and
1 2 b, Code 2009, are amended to read as follows:
1 3 a. (1) The board may establish a plan, in accordance with
1 4 section 403(b) of the Internal Revenue Code, as defined in
1 5 section 422.3, for employees, which plan shall consist of one
1 6 or more investment contracts, on a group or individual basis,
1 7 acquired from a company, or a salesperson for that company,
1 8 that is authorized to do business in this state.
1 9 (2) The plan shall ensure that local tax-sheltered
1 10 investment contract providers be employed by companies
1 11 selected to offer investment contracts within the plan to
1 12 advise employees concerning the plan. Local tax-sheltered
1 13 investment contract providers shall consist of individuals,
1 14 otherwise authorized to offer plans in accordance with section
1 15 403(b), who provided eligible employees with tax-sheltered
1 16 investment contracts prior to establishing the plan, are
1 17 located within the jurisdiction of the applicable community
1 18 college, and otherwise consent to comply with the requirements
1 19 of the plan established pursuant to this subsection.
1 20 b. The selection of investment contracts to be included
1 21 within the plan established by the board shall be made ~~either~~
1 22 pursuant to a competitive bidding process conducted by the
1 23 board, in coordination with employee organizations
1 24 representing employees eligible to participate in the plan,
1 25 ~~pursuant to a process whereby no more than five companies~~
1 26 ~~authorized to issue investment contracts shall be selected by~~
1 27 ~~the applicable employer and no more than three companies~~
1 28 ~~authorized to issue investment contracts shall be selected by,~~
1 29 ~~and in the sole discretion of, the employee organizations~~
1 30 ~~representing the applicable employer's employees, or pursuant~~
1 31 ~~to an agreement with the department of administrative services~~
1 32 ~~to make available investment contracts included in a deferred~~
1 33 ~~compensation or similar plan established by the department~~
1 34 ~~pursuant to section 8A.438, which plan meets the requirements~~
1 35 ~~of this subsection. The determination of whether how to~~
2 1 ~~select investment contracts for the plan pursuant to a~~
2 2 ~~competitive bidding process or by agreement with the~~
2 3 ~~department of administrative services shall be made by~~
2 4 ~~agreement between the board and the employee organizations~~
2 5 ~~representing employees eligible to participate in the plan.~~
2 6 Sec. 2. Section 273.3, subsection 14, paragraphs a and b,
2 7 Code 2009, are amended to read as follows:
2 8 a. (1) The board may establish a plan, in accordance with
2 9 section 403(b) of the Internal Revenue Code, as defined in
2 10 section 422.3, for employees, which plan shall consist of one
2 11 or more investment contracts, on a group or individual basis,
2 12 acquired from a company, or a salesperson for that company,
2 13 that is authorized to do business in this state.
2 14 (2) The plan shall ensure that local tax-sheltered
2 15 investment contract providers be employed by companies
2 16 selected to offer investment contracts within the plan to
2 17 advise employees concerning the plan. Local tax-sheltered
2 18 investment contract providers shall consist of individuals,
2 19 otherwise authorized to offer plans in accordance with section
2 20 403(b), who provided eligible employees with tax-sheltered

~~2 21 investment contracts prior to establishing the plan, are
2 22 located within the jurisdiction of the applicable area
2 23 education agency, and otherwise consent to comply with the
2 24 requirements of the plan established pursuant to this
2 25 subsection.~~

~~2 26 b. The selection of investment contracts to be included
2 27 within the plan established by the board shall be made either
2 28 pursuant to a competitive bidding process conducted by the
2 29 board, in coordination with employee organizations
2 30 representing employees eligible to participate in the plan,
2 31 pursuant to a process whereby no more than five companies
2 32 authorized to issue investment contracts shall be selected by
2 33 the applicable employer and no more than three companies
2 34 authorized to issue investment contracts shall be selected by,
2 35 and in the sole discretion of, the employee organizations~~

~~3 1 representing the applicable employer's employees, or pursuant
3 2 to an agreement with the department of administrative services
3 3 to make available investment contracts included in a deferred
3 4 compensation or similar plan established by the department
3 5 pursuant to section 8A.438, which plan meets the requirements
3 6 of this subsection. The determination of whether how to
3 7 select investment contracts for the plan pursuant to a
3 8 competitive bidding process or by agreement with the
3 9 department of administrative services shall be made by
3 10 agreement between the board and the employee organizations
3 11 representing employees eligible to participate in the plan.~~

~~3 12 Sec. 3. Section 294.16, subsections 1 and 2, Code 2009,
3 13 are amended to read as follows:~~

~~3 14 1. a. The school district may establish a plan, in
3 15 accordance with section 403(b) of the Internal Revenue Code,
3 16 as defined in section 422.3, for employees, which plan shall
3 17 consist of one or more investment contracts, on a group or
3 18 individual basis, acquired from a company, or a salesperson
3 19 for that company, that is authorized to do business in this
3 20 state.~~

~~3 21 b. The plan shall ensure that local tax-sheltered
3 22 investment contract providers be employed by companies
3 23 selected to offer investment contracts within the plan to
3 24 advise employees concerning the plan. Local tax-sheltered
3 25 investment contract providers shall consist of individuals,
3 26 otherwise authorized to offer plans in accordance with section
3 27 403(b), who provided eligible employees with tax-sheltered
3 28 investment contracts prior to establishing the plan, are
3 29 located within the jurisdiction of the applicable school
3 30 district, and otherwise consent to comply with the
3 31 requirements of the plan established pursuant to this section.~~

~~3 32 2. The selection of investment contracts to be included
3 33 within the plan established by the school district shall be
3 34 made either pursuant to a competitive bidding process
3 35 conducted by the school district, in coordination with
4 1 employee organizations representing employees eligible to
4 2 participate in the plan, pursuant to a process whereby no more
4 3 than five companies authorized to issue investment contracts
4 4 shall be selected by the applicable employer and no more than
4 5 three companies authorized to issue investment contracts shall
4 6 be selected by, and in the sole discretion of, the employee
4 7 organizations representing the applicable employer's~~

~~4 8 employees, or pursuant to an agreement with the department of
4 9 administrative services to make available investment contracts
4 10 included in a deferred compensation or similar plan
4 11 established by the department pursuant to section 8A.438,
4 12 which plan meets the requirements of this section. The
4 13 determination of whether how to select investment contracts
4 14 for the plan pursuant to a competitive bidding process or by
4 15 agreement with the department of administrative services shall
4 16 be made by agreement between the school district and the
4 17 employee organizations representing employees eligible to
4 18 participate in the plan.~~

~~4 19 Sec. 4. 2008 Iowa Acts, chapter 1171, section 67,
4 20 subsection 1, is amended to read as follows:~~

~~4 21 1. The department of administrative services shall
4 22 establish, by January 1, 2010, a plan, as authorized pursuant
4 23 to section 8A.438 and in accordance with section 403(b) of the
4 24 Internal Revenue Code, as defined in section 422.3, for
4 25 employees, which plan shall consist of one or more investment
4 26 contracts, on a group or individual basis, acquired from a
4 27 company, or a salesperson for that company, that is authorized
4 28 to do business in this state, that is eligible to be utilized
4 29 as a vendor of investment contracts for plans established
4 30 pursuant to section 260C.14, subsection 9, section 273.3,
4 31 subsection 14, or section 294.16, and otherwise meets the~~

4 32 requirement relative to local tax-sheltered investment
4 33 contract providers as provided in section 260C.14, subsection
4 34 9, section 273.3, subsection 14, and section 294.16.

4 35 Sec. 5. EFFECTIVE DATE. This Act, being deemed of
5 1 immediate importance, takes effect upon enactment.

5 2 EXPLANATION

5 3 This bill modifies the requirements relative to
5 4 tax-sheltered investment plans offered by community colleges,
5 5 area education agencies, and school districts.

5 6 The bill provides that investment contracts in
5 7 tax-sheltered investment plans can be selected by having the
5 8 employer select up to five, and the applicable employee
5 9 organization select up to three, investment contracts for the
5 10 plan. Current law provides that selection of investment
5 11 contracts shall only be through a competitive bidding process
5 12 or by using the plan established by the department of
5 13 administrative services.

5 14 The bill also provides that plans established shall ensure
5 15 that local tax-sheltered investment contract providers be
5 16 employed by companies selected to offer investment contracts
5 17 within the plan to advise employees concerning the plan. The
5 18 bill provides that local tax-sheltered investment contract
5 19 providers shall consist of individuals, otherwise authorized
5 20 to offer plans in accordance with Code section 403(b), who
5 21 provided eligible employees with tax-sheltered investment
5 22 contracts prior to establishing the plan, are located within
5 23 the jurisdiction of the applicable employer, and otherwise
5 24 consent to comply with the requirements of the plan. The bill
5 25 further provides that the plan established by the department
5 26 of administrative services for potential adoption by community
5 27 colleges, area education agencies, and school districts comply
5 28 with the requirement relative to local tax-sheltered
5 29 investment contract providers.

5 30 The bill takes effect upon enactment.

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